

Public and Tribal Notice  
Iowa Department of Human Services, Iowa Medicaid Enterprise

Nursing Facility Per Diem Rate Rebase

Submitted June 28, 2017

The Iowa Department of Human Services (DHS), pursuant to the requirements outlined in 42 CFR 447.205 and 1902(a)(13)(A) of the Social Security Act, hereby gives notice of the following proposed action regarding its methods and standards for paying providers under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

Effective for services provided on or after July 1, 2017, the Iowa Medicaid Enterprise (IME) proposes to update nursing facility per diem rates utilizing current cost report data. The update of the per diem rates includes an adjustment to allowable costs using an inflation factor.

Nursing facilities are reimbursed based on a modified price-based system with quarterly adjustments to reflect changes in case-mix (acuity) of Medicaid members residing in the nursing facility. Nursing facility rates are rebased every second year beginning July 1, 2001, to reflect more current cost information on a biannual basis with an effective date of July 1 of each odd numbered year.

Iowa Medicaid calculates prospective per diem rates for nursing facilities and applies an inflation factor to allowable costs. The current inflation factor in the approved Attachment 4.19-D of the Medicaid State Plan is from the midpoint of the cost report period to March 1, 2012.

Per diem rates for nursing facilities effective July 1, 2017, are based on cost reports submitted by the nursing facilities for fiscal year ends during calendar year 2016. Estimated payments to nursing facilities cannot exceed amounts appropriated by the legislature. The inflation factor will be changed to ensure that the amounts estimated using 2016 cost information, estimated resident days and client participation will not exceed the appropriation. Once data is available from nursing facility cost reports with FY end December 31, 2016 or earlier, the specific amount of inflation will be calculated and the State Plan Amendment filed.

The IME is making this proposed change as required by the 87th session of the Iowa General Assembly in House File (HF) 653.

**Estimated Fiscal Impact:** This policy change is estimated to reduce overall Iowa Medicaid expenditures by \$6.0 million (total, state and federal funds) per year.

Copies of this notice are available at each county DHS office for public review. Additional information regarding this proposed amendment is available upon request at the address cited below.

Written comments may be sent to Jennifer Steenblock, Federal Compliance Officer, Iowa Medicaid Enterprise, 100 Army Post Road, Des Moines, IA 50315. Comments may also be submitted to [jsteenb@dhs.state.ia.us](mailto:jsteenb@dhs.state.ia.us). Written and e-mailed comments must be received within 30 days from the publication date of this notice.

Any written comments may be reviewed by the public at the IME, 100 Army Post Road, Des Moines, IA, Monday through Friday between 8:30 a.m. – 4:30 p.m.